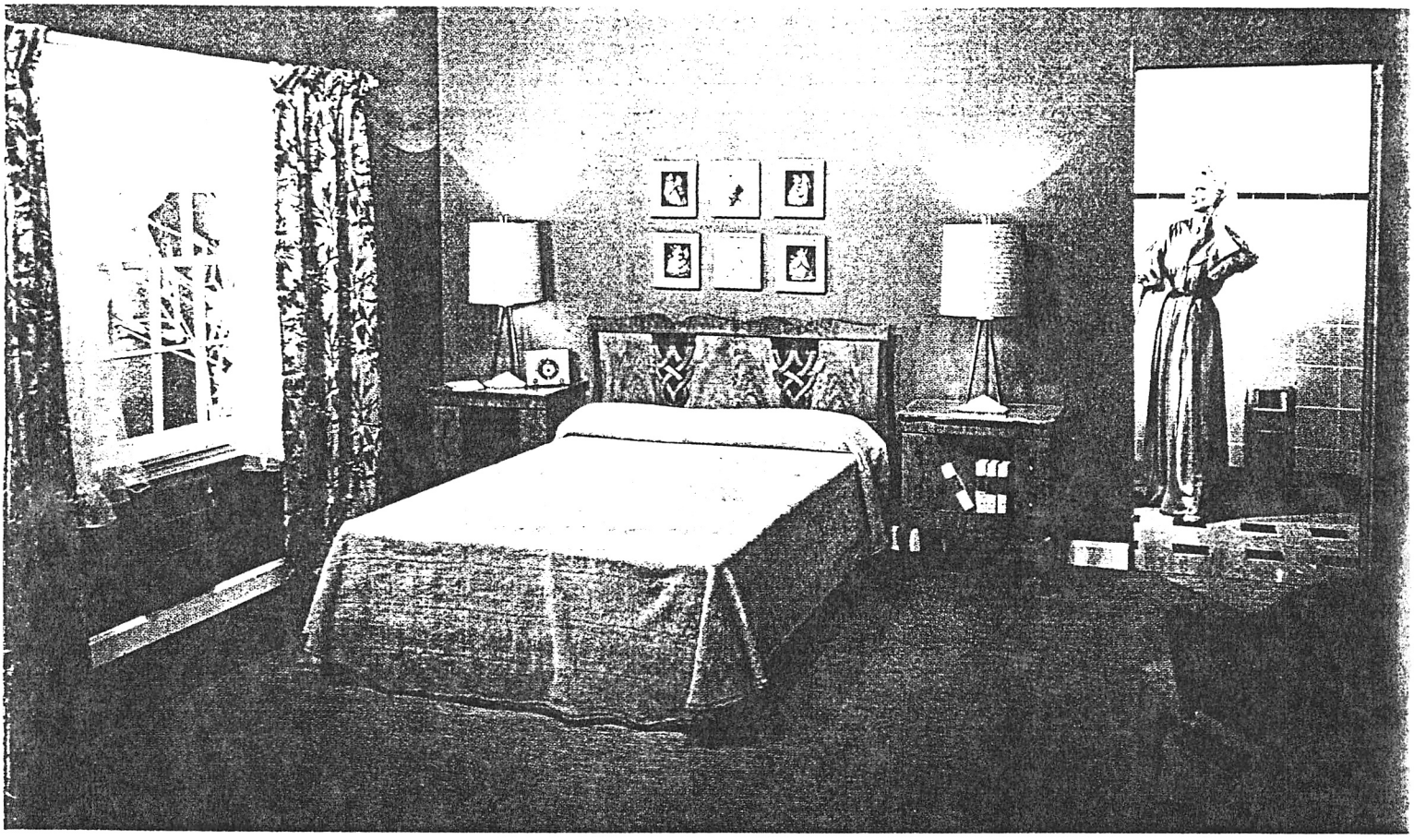
SelecTemp MODULATED ZONE HEATING SYSTEMS • AUTOMATIC HEATING, COOLING AND POWER EQUIPMENT •

PETRO AUTOMATIC HEATING, COOLING AND POWER EQUIPMENT • AIRCRAFT AND GUIDED MISSILES, AND HEATING CONTROLS • AIRCRAFT PARTS AND ASSEMBLIES • ELECTRONIC INSTRUMENTS FOR AIRCRAFT

Iron Fireman Twenty-ninth Annual Report 1954



In these rooms are shown two of the new Iron Fireman SelecTemp heating units described on page 10. Individual thermostats on each unit make it possible to have any temperature desired in any room in the house, at any time.

Report to Stockholders

COVERING OPERATIONS OF THE IRON FIREMAN MANUFACTURING COMPANY FOR THE YEAR 1954

By William J. O'Neil

The year 1954 has been one of very substantial progress for Iron Fireman.

Net profits in 1954 were $722,271.73. This is equivalent to $2.01 per share on the common stock outstanding, and represents a return of approximately 2.7% on the sales dollar. Net worth of the company increased to $8,162,221.61 as of December 31, 1954, giving the stock a book value of $22.68 per share.

Total sales of civilian and defense products climbed to $26,083,733.23. This is a new peak for a peacetime year, and a 9% increase over 1953 sales of $23,928,643.30.

These increases in both profits and sales volume

SUMMARY OF OPERATIONS 1954

	1954	*1953*
Net Sales	$26,083,733	$23,928,643
Income Before Taxes	1,438,271	930,793
Income After Taxes	722,271	441,793
Taxes on Income	716,000	489,000
Cash Dividends Declared and Paid	215,940	215,940
Earnings Retained in the Business as of December 31	5,767,021	5,260,690
Net Working Capital	7,347,152	7,060,107
Long Term Debt	2,000,000	2,200,000
Earnings Per Share	2.01	1.23
Book Value Per Share	22.68	21.27
Investment in Plants and Equipment	2,631,882	2,601,812

the New Products staff, as needed, to help attain our objective of diversifying our product lines and of maintaining our high standing as aircraft instrument engineers and manufacturers.

Heating Equipment Operations

Sales of Iron Fireman and Petro heating and power equipment increased 20% over sales in 1953. This gain becomes more notable when it is recognized that the long term shift of fuels away from coal has resulted in a downward trend in stoker sales. The volume so lost had to be replaced by oil and gas products.

The new SelecTemp Heating System, which was added to the line a little more than a year ago, well exceeded our sales objectives for 1954. Installations were made in a variety of applications—homes, motels, hotels, apartments, schools, and office buildings—and the results which have been obtained with selective temperature control in each room, combined with modulated heating, have created an unusual amount of interest and wide market for this new Iron Fireman product.

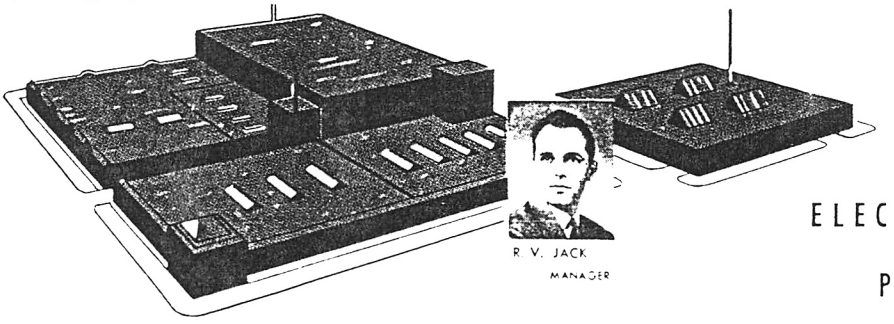
SelecTemp heating is an entirely new concept, employing principles never before explored in the heating field. With it came the inevitable problems in engineering, production and application. Our experience during three years of field testing and a year of nation-wide use has assured us of the basic soundness of the product, and has certainly demonstrated the almost irresistible appeal of individual room temperature control.

The Iron Fireman SelecTemp Heating System has become, in one short year, a very important part of the company's line of products. Accelerated growth of SelecTemp business in 1955 and the following years is indicated. During 1954 SelecTemp was moved to new and larger quarters in order to build the equipment in sufficient volume to fill the orders received. This new production unit has been supplied with the most modern manufacturing and laboratory facilities that it is possible to obtain.

With the high level of consumer interest in cooling and air conditioning, the company made available in 1954 a line of room air conditioners and central cooling units to be used in combination with Iron Fireman heating equipment. It expanded the line of central cooling units to provide a "twin-type" system for use as a combination unit for summer cooling and winter heating, or as an add-on cooling unit, to be used in conjunction with an existing furnace. While sales volume of central cooling units has been limited, we have made progress in the field and intend to expand our activities.

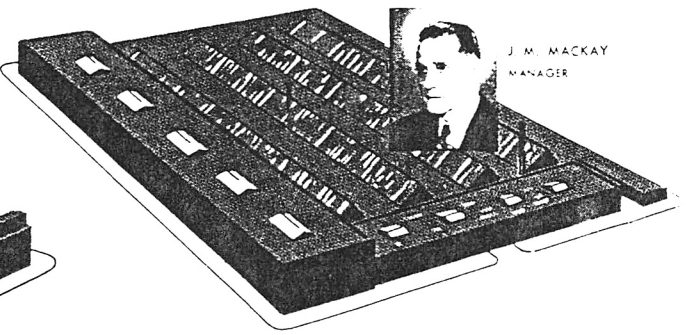
The year 1954 brought about a marked increase in Iron Fireman prestige and standing in the industrial equipment field through sales of forced draft package units sold in combination with Kewanee, Titusville, and other leading makes of boilers. The

FACILITIES



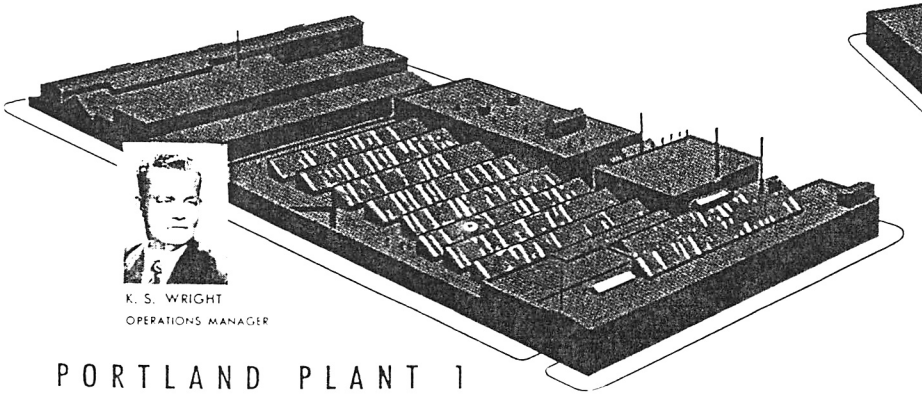
R. V. JACK
MANAGER

ELECTRONICS DIVISION,
PORTLAND



J. M. MACKAY
MANAGER

TORONTO PLANT 1



K. S. WRIGHT
OPERATIONS MANAGER

PORTLAND PLANT 1

are most encouraging, reflecting, as they do, the steady progress we have made in the past two years through diversifying our product line and sales activities. Gains have been made in almost every phase of company operations: sales, product line, engineering design, and plant efficiency, in each of the company's major divisions.

Plant No. 1 Operations, Portland

The work load handled by this division for the Boeing Airplane Company remained steady throughout the entire year. The caliber of work performed and the capability of engineering and production personnel continue to qualify Iron Fireman Portland, Oregon, Plant No. 1 for a high Air Force Quality Control rating.

A substantial program of machine tool replacement and modernization has been authorized for this division to keep pace with major changes in airplane design, and to enable the company to handle the types of work that are available.

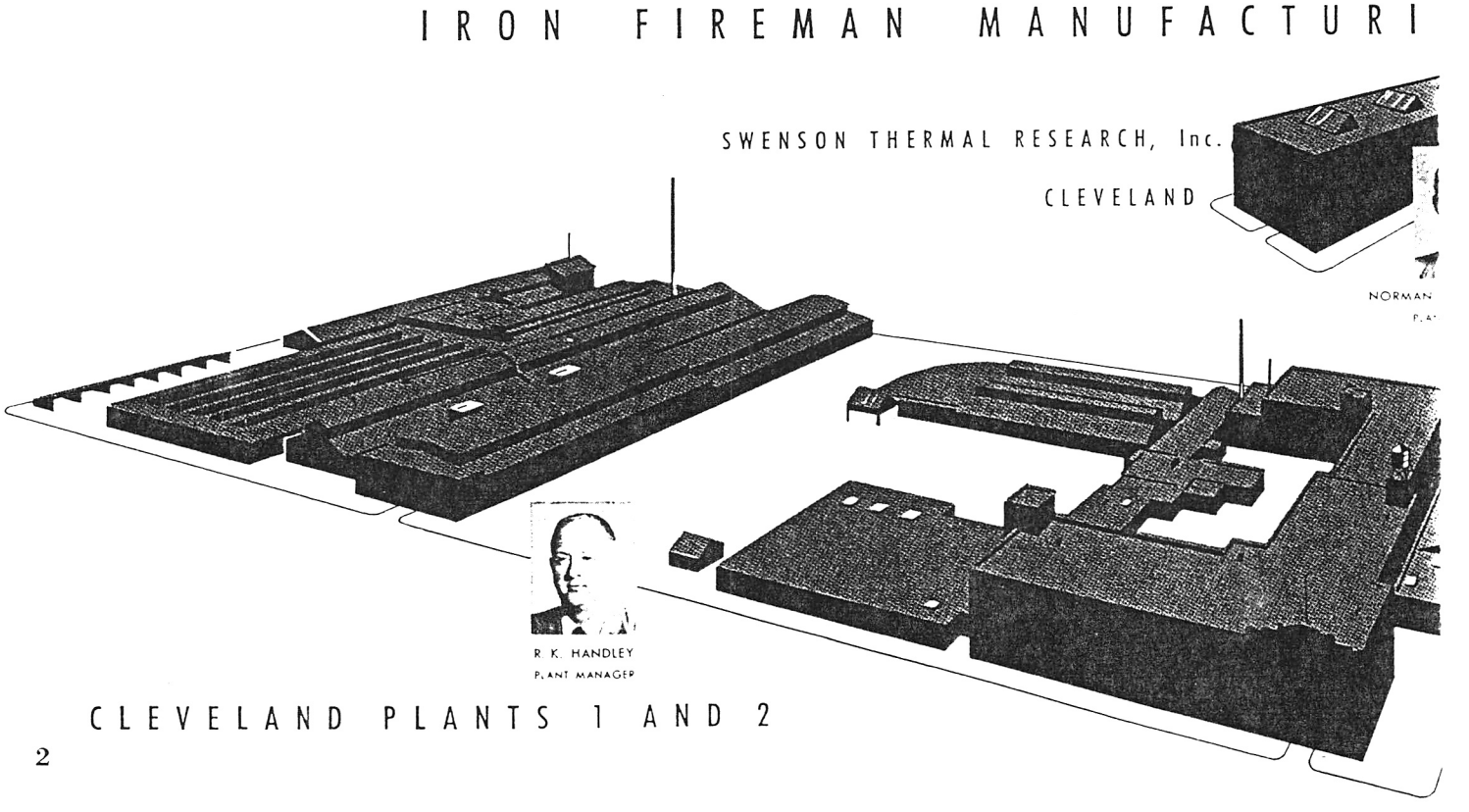
Present indications are that the work load for this division should remain stable through 1955, and barring unforeseen developments the division should continue to be a major contributor to the successful operating results of the company.

Electronics Division—Portland

The year 1954 has been both successful and constructive for this division. There has been a substantial expansion of our line of precision instruments and components for aircraft and guided missiles. An extensive research and development program has resulted in the completion and qualification of several precision products of advanced design which will contribute to increased volume and profits.

Among the problems imposed by the production of these new instruments was the fact that many of the components supplied by outside sources were not up to the high degree of precision and accuracy required. This has led to the addition of new product lines, simply because Iron Fireman had no choice other than to engineer and produce these items for the company's own use. But having developed them, Iron Fireman is in a position to supply other manufacturers requiring similar high quality components. This phase of the business is now being expanded into volume sales.

This division enters 1955 with an excellent backlog of business, and prospects for the best year in its history. The very nature of its operations requires extreme care in the development, research, and engineering departments in order to keep its product line current, thus meeting the changing needs of the electronic and aircraft industries. Because of this, a New Products Division was established, headed by a man with long, successful experience in the precision instrument field. Additional engineering personnel is being assigned to



CLEVELAND PLANTS 1 AND 2

*Dividends**

During 1954, stockholders were paid four quarterly dividends totaling 60c per share. A detailed dividend statement covering the past 25 years is recorded on page 12 of this report.

Financial Statements

The financial statements of the company, together with the certificate of our independent public accountants, are included in this report. These data, with the accompanying charts and remarks, outline the results of our operations for 1954.

Summary

The gains that we have made during 1954, both in sales and net profits, reflect good progress in all divisions of the company.

All who are acquainted with the history of Iron Fireman are aware that the company has made an enormous change-over since the war, due to the shift in fuel preferences. Gas and oil have largely supplanted coal in residential and commercial heating, and have also made great gains in all types of industrial firing. Iron Fireman has successfully adapted itself to this change, and has maintained the prestige of its name. At the same time, Iron Fireman is becoming widely known and respected in the fields of electronic equipment, aircraft instruments and accessories.

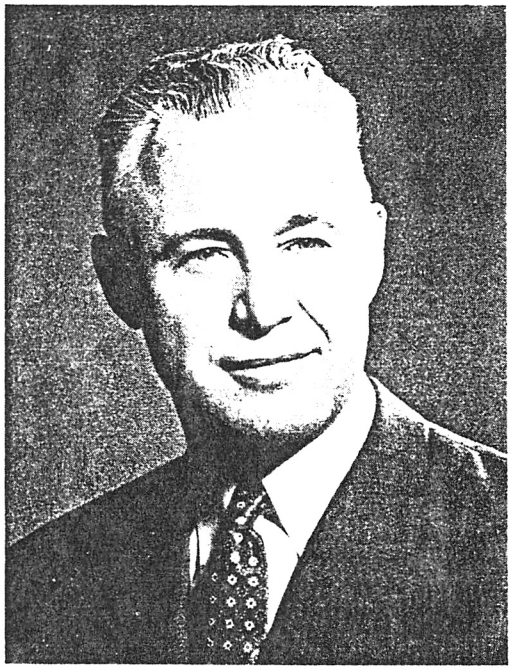
During 1954 gains in our production and marketing efficiency resulted in important progress. The management believes that further improvements in research and manufacturing facilities, plus the aggressive sales program now under way, will result in substantial forward progress in 1955.

W. J. O'Neil

Chairman of the Board.

Cleveland, Ohio
February 9, 1955

* At the Annual Meeting on February 10, 1955, the Board of Directors declared an extra dividend of 20c per share to be in addition to the regular quarterly dividend of 15c per share, both payable on March 4, 1955, to stockholders of record February 19, 1955; also a regular quarterly dividend of 15c was declared payable June 1, 1955, to stockholders of record May 10, 1955.



Wayne F. Strong

BOARD OF DIRECTORS ELECTS OFFICERS AT ANNUAL MEETING

At a meeting of the Board of Directors February 10, 1955, Wayne F. Strong was elected President and Chief Executive officer of Iron Fireman Manufacturing Company. Before moving up to the new post Mr. Strong was vice president in charge of manufacturing for all Iron Fireman plants in the United States and Canada.

Mr. Strong was born in Kansas in 1907, moving to Oregon soon after graduation from high school. He started his career with Iron Fireman in the shipping-receiving department in 1929, and moved up into executive ranks in 1940 when he organized the company's first Planning and Material Controls Department. In 1945 he became manager of the Electronics Division, where his outstanding talents for administration and leadership were soon apparent. His success in this division led to the next step in 1953, when he was promoted to Vice President.

Other officers elected by the board were as follows: Frank S. Hecox, Vice President and Treasurer; C. T. Burg, Lewis J. Cox, William J. O'Neil and E. C. Webb, Vice Presidents; C. C. Craft, Secretary; H. J. Mack, Controller. Elected to the Board of Directors were T. Henry Boyd, David L. Davies, Frank S. Hecox, E. C. Sammons, Roy L. Shurtleff and Wayne F. Strong.

performance of these products and their acceptance by the trade, as evidenced by growing numbers of engineering specifications written around the Iron Fireman and Petro forced draft rotary burners, is convincing proof that there is an excellent opportunity for our company in further developing the market for this equipment. We have continued a program of investing considerable time and money in research and development engineering of industrial gas and oil firing equipment, and during the latter part of the year we stepped up our efforts for the express purpose of introducing additional models of commercial-industrial burners for gas, oil or combination gas-oil firing.

Marketing and Distribution

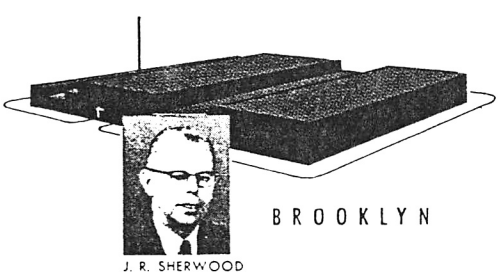
As reported to the stockholders in our last annual report letter, we approached our 1954 sales objective with the largest national advertising campaign in the company's history, telling prospective purchasers "Iron Fireman is your best buy in heating." We established 11 new sales territories, each directed by a district sales manager, for the purpose of helping our distributor and dealer organization sell more equipment, and of providing better service to our users. This program worked out well. We already have made arrangements to maintain an advertising schedule for 1955 on the same substantial scale as last year. At the same time we are reassigning certain sales territories by product lines and are adding several new industrial sales engineers. These engineers will concentrate their activities on developing more sales of forced draft package units, rotary oil burners, and commercial-industrial gas and stoker sales.

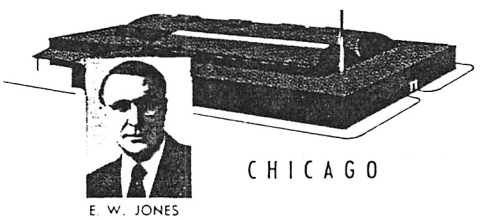
In addition, we have taken steps to expand our volume of foreign business through the establishment of an export department, which is a part of our sales division at our Cleveland headquarters. Restrictions on dollar exchange and on the importation of American products into many foreign countries has limited our sales potential for the time being. However, good progress was made in 1954. This included completion of a licensing arrangement for the manufacture and sale of Iron Fireman stokers in England; also a similar licensing arrangement with a manufacturing distributor in France. Negotiations for dealers and distributors in several foreign countries are currently being carried on, and we anticipate steady improvement in our export business.

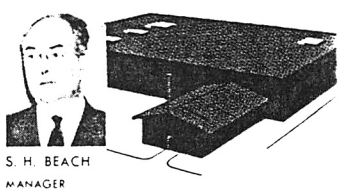
Personnel

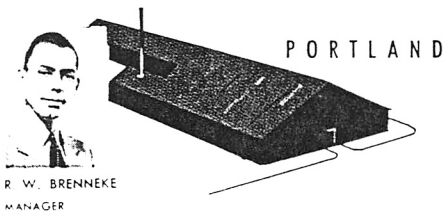
The excellent increase in production and sales during the year has been the result of cooperative efforts by the employees, by the dealers and distributors, and by the management. A brief work stoppage in one of our plants was satisfactorily adjusted, and relations with our employees has progressed satisfactorily in all divisions.

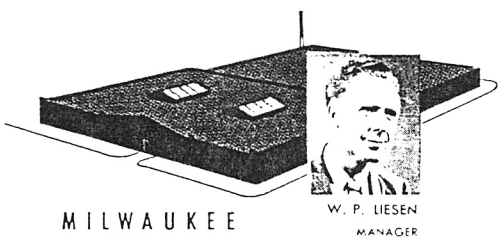
IRON FIREMAN RETAIL BRANCHES

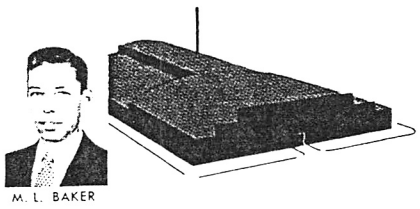


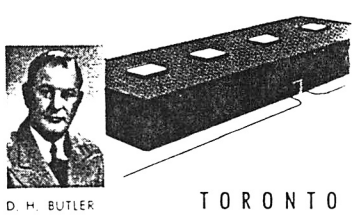




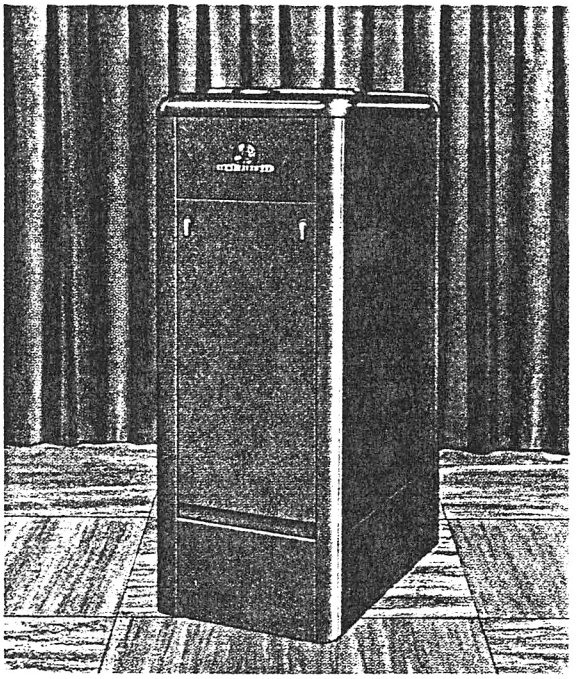








Heating Divisions



IRON FIREMAN

Iron Fireman builds residential heating equipment for all fuels (gas, oil, and coal), and for all types of heating (warm air, steam, and hot water).

In the warm air furnace line are models particularly adapted to modern housing trends, such as the Highboy furnace for closet and utility room installations, and the Horizontal furnace which fits into almost any unused space, such as attic, underfloor crawlway, or overhead space in attached garage. The Lowboy models are best adapted to basement installations.

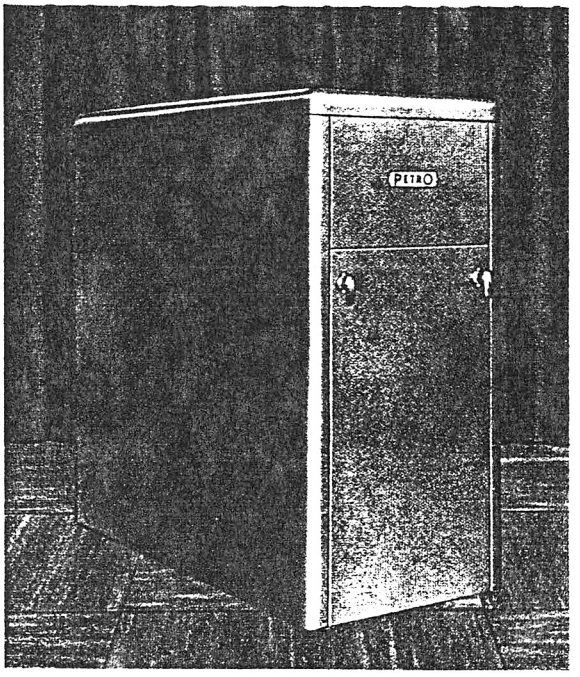
All three furnace types have matching cooling units which can be combined with the heating system for whole-house summer cooling.

Iron Fireman boilers are suitable for all types of "wet" systems—steam, vapor, hot water or radiant panel.

Most any type of heating system can be converted to automatic firing by installing an Iron Fireman oil or gas burner, or automatic coal stoker.

Iron Fireman manufactures a full range of oil, gas, and coal firing equipment for commercial and industrial uses including the package units described on the opposite page.

The automatic control instruments required by this extensive array of products are made in the Iron Fireman Electronics Division. A brief description of some Electronics Division products is found on page 9.



PETRO

The first Petro oil burner was made in 1903, which makes Petro the oldest and one of the best known names in the industry. The traditional outlet for Petro equipment has been through large independent distributing firms, or jobbers, mostly in the heating and plumbing supply business. These houses are the principal suppliers to heating contractors for a wide range of heating and plumbing materials. Petro residential heating equipment is still made for this trade.

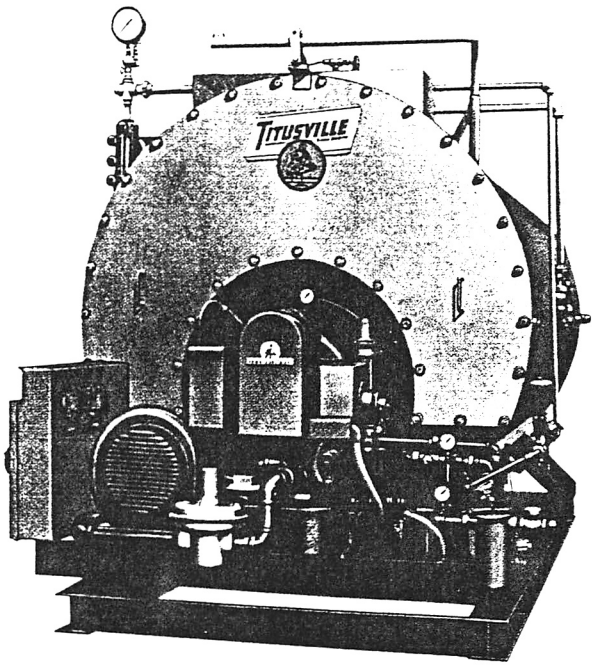
Petro heating equipment covers approximately the same range as the Iron Fireman products described above, and is of equal quality. The Petro line includes residential oil and gas furnaces, boilers, conversion burners, and cooling units, and commercial and industrial firing equipment for gas and oil.

The Petro rotary oil burner (which fires the heavy industrial oils) has won an excellent reputation for dependable firing of these difficult fuels. It now is a sales leader among all industrial oil burners in the United States. The Petro oil package unit is built around this popular burner.

Distinguished users

OF THE PACKAGE UNIT FIRING SYSTEM

IRON FIREMAN-TITUSVILLE
IRON FIREMAN-KEWANEE

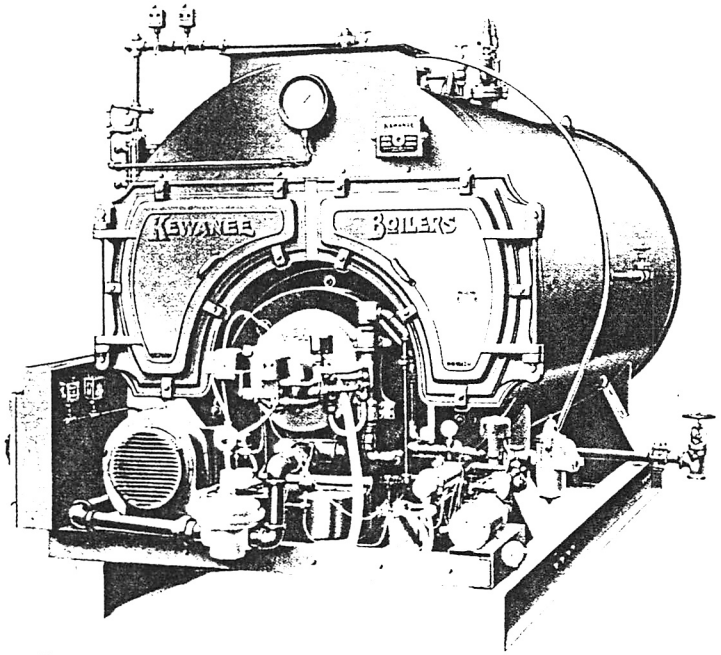


Illustrated above is the Iron Fireman-Titusville boiler-burner unit. The Iron Fireman package unit is available also with Kewanee boiler.

The Iron Fireman package unit was introduced in 1952. At the same time, the Kewanee-Ross Corporation and the Titusville Iron Works Company each announced a line of boilers designed for use with this Iron Fireman firing system. Among hundreds of users of these boiler-burner combinations are the distinguished companies listed below:

American Tobacco Co.
Bell Aircraft Corporation
Bendix Aviation Corp.
Conco Engineering Works
General Mills
General Motors Corp.
General Time Corp.
Gulf Refining Co.
Kraft Foods Co.
Marshall Field & Co.
National Gypsum Co.
N. Y. Port Authority, Pier 57 (Grace Line)
North Amer. Aviation, Inc.
J. C. Penney Co.
Pillsbury Mills
Radio Corp. of America
Atchison, Topeka & Sante Fe R.R.
Sears Roebuck & Co.
Sinclair Refining Co.
A. O. Smith Corp.
Standard Oil Co. of N. J.
Sylvania Elec. Products, Inc.
Westinghouse Electric Corp.
Worthington Corporation

PETRO-KEWANEE
PETRO-TITUSVILLE



Petro package unit with Kewanee boiler is shown above. A similar boiler-burner unit is available with Titusville boiler.

The Petro package unit was announced only a year ago, but has made excellent progress in this short time, as indicated by this partial list of important users:

American Building Supply
American Thermos Bottle Co.
Berkshire Gas Co.
Blue Bell, Inc.
Boston Edison Co.
Burlington Refrig. Exp. Co.
Detroit Hoist Co.
Flint (Mich.) Jr. College
International Paper Co.
Mary Margaret Hospital (Batesville, Ind.)
Newport News (Va.) Forms Co.
Noland Co.
Northern Plastics Co.
Printing House for the Blind
Providence (R.I.) College
S. Carolina St. Hospital
Wabash Railroad

Iron Fireman has been notably successful in developing special products of a highly technical nature, for both civilian and military use. Many of these are truly Iron Fireman products, in which the engineering for both development and production has been done within the company. They carry the Iron Fireman trademark and are marketed under the Iron Fireman name. Most of the machined aircraft parts come out of Portland's Plant 1, while high precision instruments and electrical devices are made in the Electronics Division, also in Portland.

VERTICAL GYRO

The Iron Fireman Vertical Gyro is a very delicately adjusted instrument used in military aircraft. Its purpose is to measure the roll and pitch of the plane during flight. The Gyro is therefore an important component of the plane's fire control system. The Iron Fireman Gyro will hold to within one-fourth degree of gravity vertical.

The manufacture of such an extremely high precision mechanism requires unusual care, since the presence of an invisible particle of dust in a single bearing is enough to cause ruinous vibration. The instruments are assembled in sealed, air conditioned rooms by workers wearing dust proof smocks and caps. The parts are cleaned in sonic devices in which the fluid is subjected to high frequency vibration.

The present production instruments represent a great deal of important development work by Iron Fireman engineers, not only in the design of the instrument but also in manufacturing methods.

SENSITIVE RELAYS

Iron Fireman high speed relays are designed for extremely fast switching of electrical current. They are used in many types of electronic instruments, such as the oscilloscope, where solid electrical contacts must be made and broken in a fraction of a millisecond (thousandth of a second).

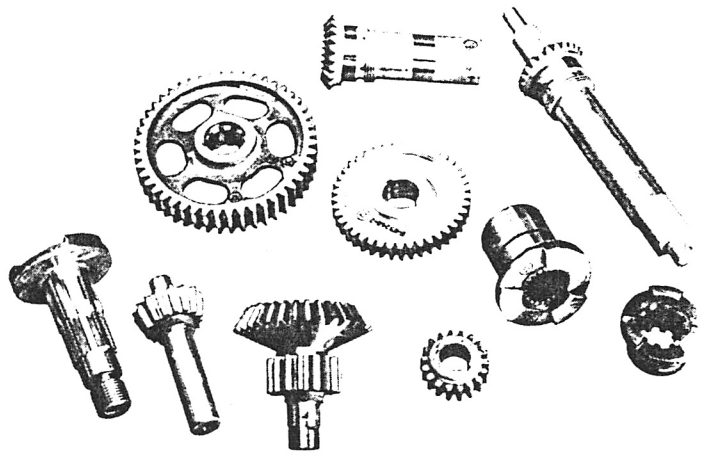
These relays embody a new design in their field, and were developed by Iron Fireman instrument specialists. All working parts are sealed in inert gas to make them thoroughly dependable under conditions of moisture, dust, fungus, salt spray, etc., and therefore easily meet stringent military specifications. Much of the assembly and inspection of these precision devices is done under high power microscopes.

SLIP RINGS AND CONTACTORS

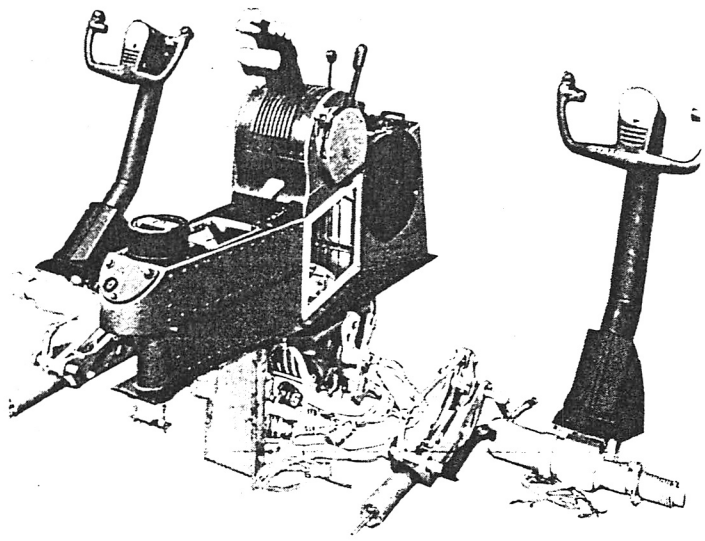
Here is another field in which Iron Fireman's demonstrated competence in engineering design has teamed up with skilled production of micro-parts. Iron Fireman slip rings and contactors have nearly twice the high potential capacities required, yet they cost only a fourth as much as devices previously used.

These precision assemblies are used for transmitting electric current to or from a rotating part, where electrical connection can be made only through the axis. The brushes must make a positive and dependable electrical contact with an absolute minimum of friction. Various metals and alloys may be used in contact rings, including gold, silver and platinum. These assemblies are used in computers, telemeters, and other types of electronic control and indicating systems. They are particularly valuable in gyroscopes where low friction and high precision must be combined.

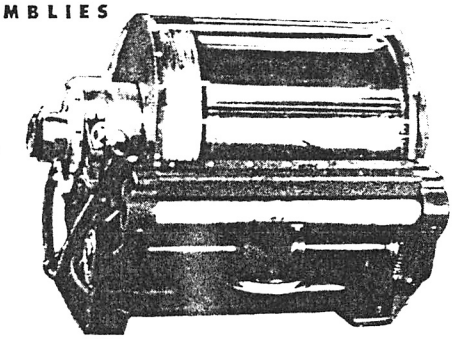
AIRCRAFT GEARS AND SPLINES



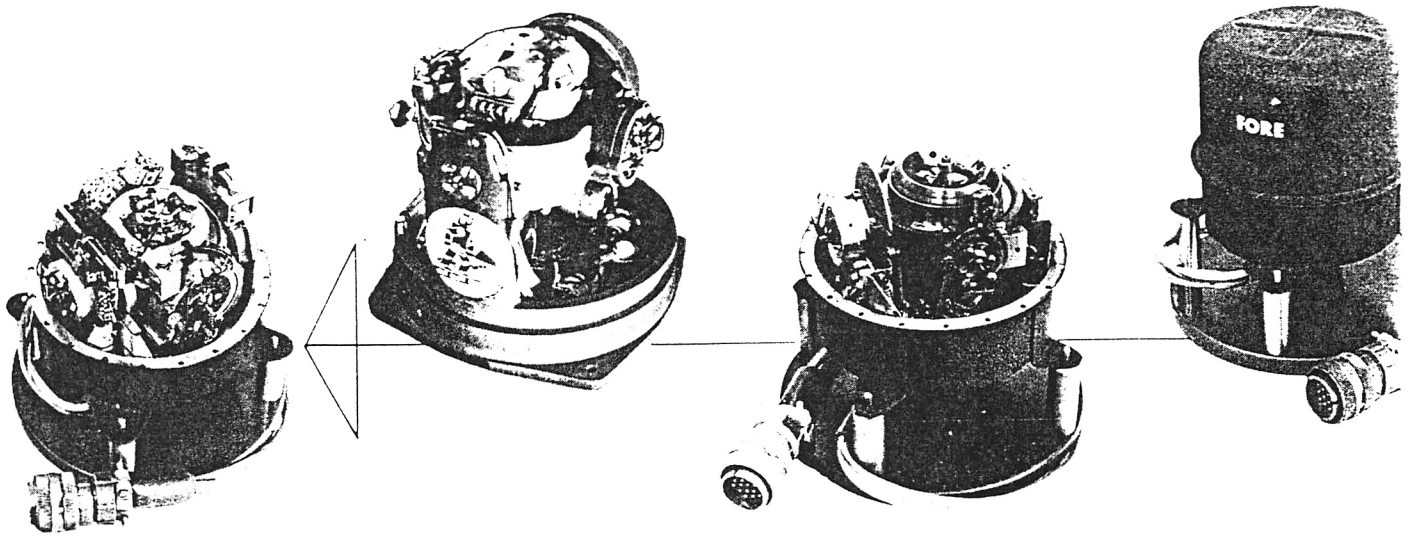
AIRCRAFT SUB-ASSEMBLIES



AIRCRAFT CARGO-HOIST ASSEMBLIES

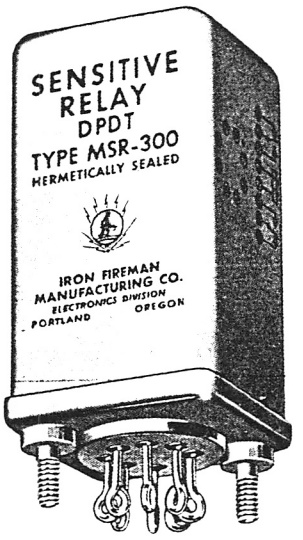


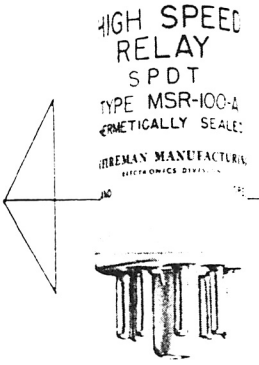
For fifteen years Plant I in Portland has been a part of the aircraft industry. After the overwhelming demands of the war years Iron Fireman was one of a limited number that carried on in this field, because the company had established itself as a competent and reliable source for aircraft parts and assemblies. Iron Fireman is now one of the truly experienced manufacturers of machined parts from light metal alloys.

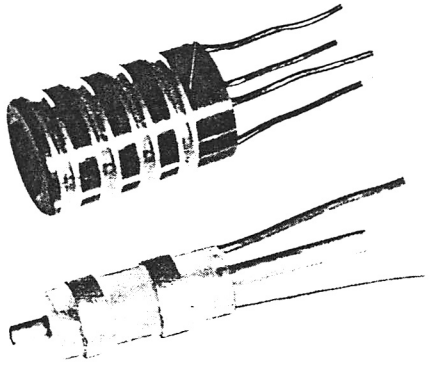


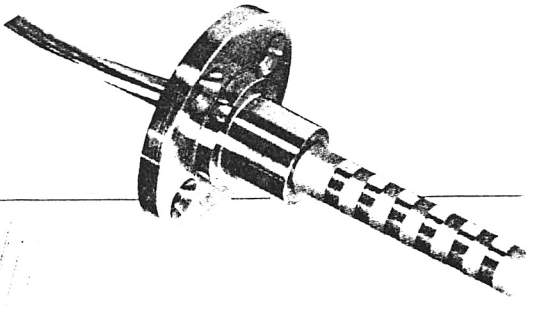
Iron Fireman

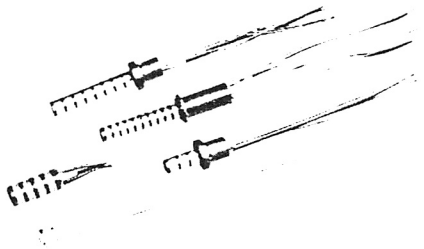
SPECIAL PRODUCTS DIVISION

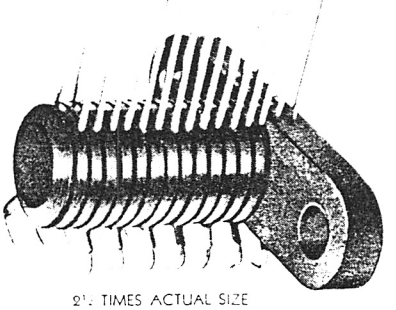


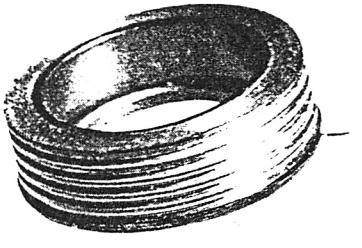






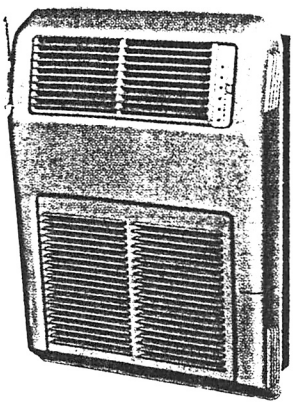






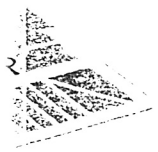
2½ TIMES ACTUAL SIZE

)TELS,



THE FIRST PRACTICAL HEATING SYSTEM WITH INDIVIDUAL ROOM TEMPERATURE CONTROL AND MODULATING HEAT

SelecTemp room heating unit (shown under window) has its own individual thermostat which regulates room temperature with exceptional accuracy without affecting the temperature of other rooms. Heating units can be painted to harmonize with room colors.



IRON FIREMAN SelecTemp®

A NEW AND BETTER KIND OF HEATING FOR HOMES, OFFICES

HOSPITALS, SCHOOLS, MOTELS, AND OTHER TYPES OF BUILD

This new and quite revolutionary type of heating was introduced on a nation-wide scale during the past year. In the heating industry it was news of the first order, resulting in an unprecedented volume of publicity in national business, trade, and home magazines. The following brief description shows why Iron Fireman SelecTemp heating has attracted so much attention.

A Thermostat in Every Room

Accurate control of the heating in each individual room has long been the goal of heating engineers, but the elaborate control system required to achieve this goal has made it impractical for the ordinary home because of cost. With Iron Fireman SelecTemp heating individual room temperature control is not only possible, but entirely practical from the standpoint of cost and operating expense.

SelecTemp heating consists of a central heat source (low pressure steam boiler) and individual, independent room units. Each unit contains thermostat, heat core, extremely quiet steam turbine which drives the circulating fan, and air filter. Heating units are recessed into room walls, and are supplied with steam by small flexible copper tubes. Warmed and filtered air is constantly circulated. Thermostat and fan are nonelectrical—no wiring is required.

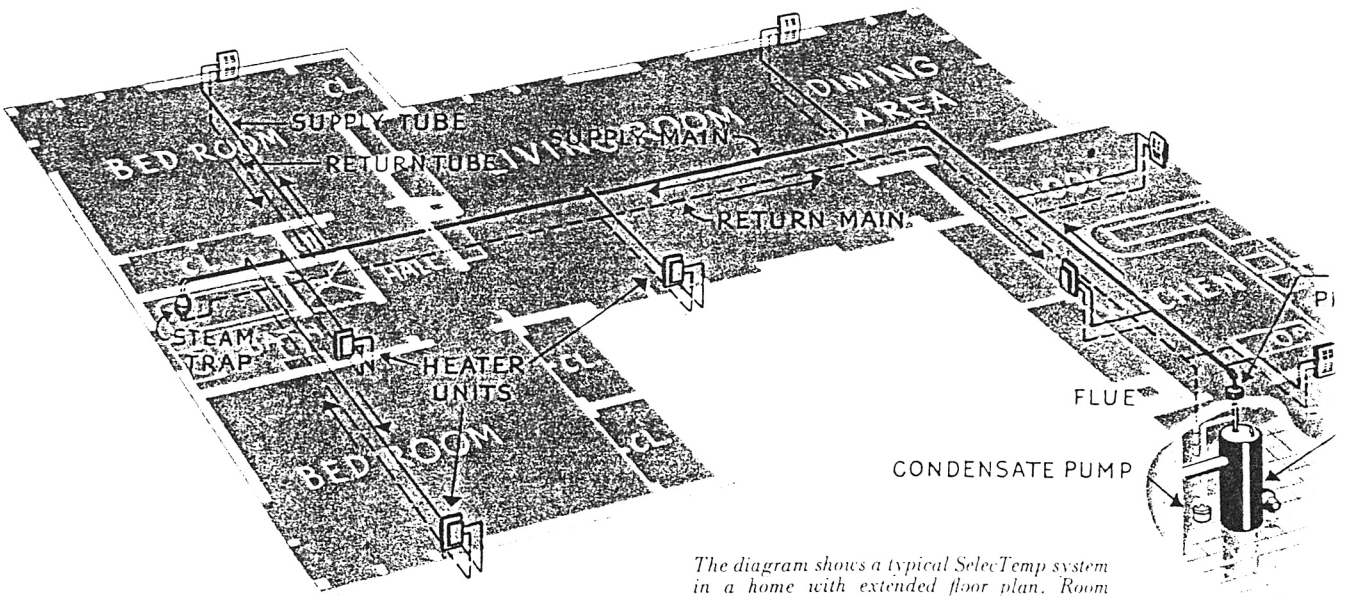
Since each room has its own thermostat, it is possible to have any desired temperature in any room. For example, a living room may be kept at 72°, bathrooms at 79°, kitchen at 67°, garage at 40°, and grandmother's room or child's sick room at 80°.

Most Responsive Heating Ever Invented

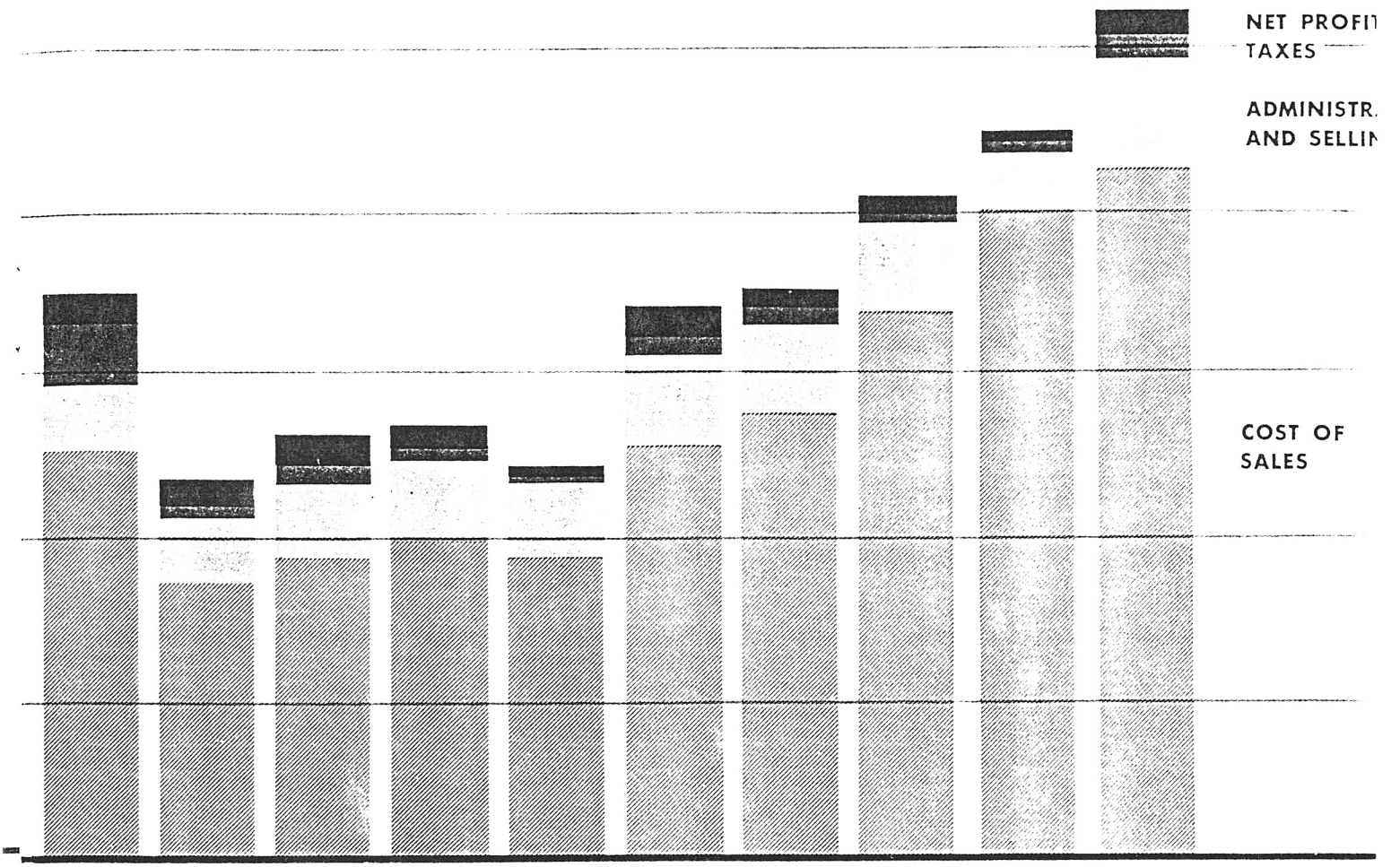
The temperature within any room can be changed within a few minutes without affecting the rest of the house. Heat is always available in each room, ready for instant use.

SelecTemp adjusts itself to other heat sources. If the living room is warmed by sun streaming through big windows, or by fireplace heat, the heating unit in that room automatically slows down to hold the level that is set on the thermostat. If at the same time the rooms on the other side of the house face a cold wind, the heating units will put out the amount of heat necessary to keep the temperature constant at the heat levels called for by individual thermostat settings.

SelecTemp is a modulating system. In other words, the heating unit in each room reduces or increases the amount of heat delivered in exact response to needs of each individual room. It is not an on-and-off system.



The diagram shows a typical SelecTemp system in a home with extended floor plan. Room heating units are supplied with steam through ¼" I.D. copper tubing. Condensate returns are ⅛" tubing, indicated by dotted lines. The oil or gas fired steam boiler can be located in any convenient place, above or below main floor level. Flexible copper tubing is run between joists or within walls, in much the same fashion as electric wiring. Easily installed in old or new construction.



	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	
Sales	$17,262,182	$11,515,823	$12,810,541	$13,227,167	$11,981,565	$16,850,102	$17,456,366	$20,311,569	$23,928,643	$26,083,733	
Net Profit	776,876	769,102	944,028	701,225	307,255	985,809	574,648	378,560	441,793	722,271	
Taxes	2,003,370	362,089	445,600	345,000	185,300	505,000	493,000	163,000	489,000	716,000	
Adm. & Sell.	2,135,239	2,051,294	2,395,118	2,481,477	2,368,050	2,817,112	2,874,799	2,774,603	2,873,868	3,429,144	
Cost of Sales	13,476,465	8,747,723	9,174,493	9,679,355	9,064,696	12,522,277	13,409,194	17,101,119	19,988,316	21,072,203	

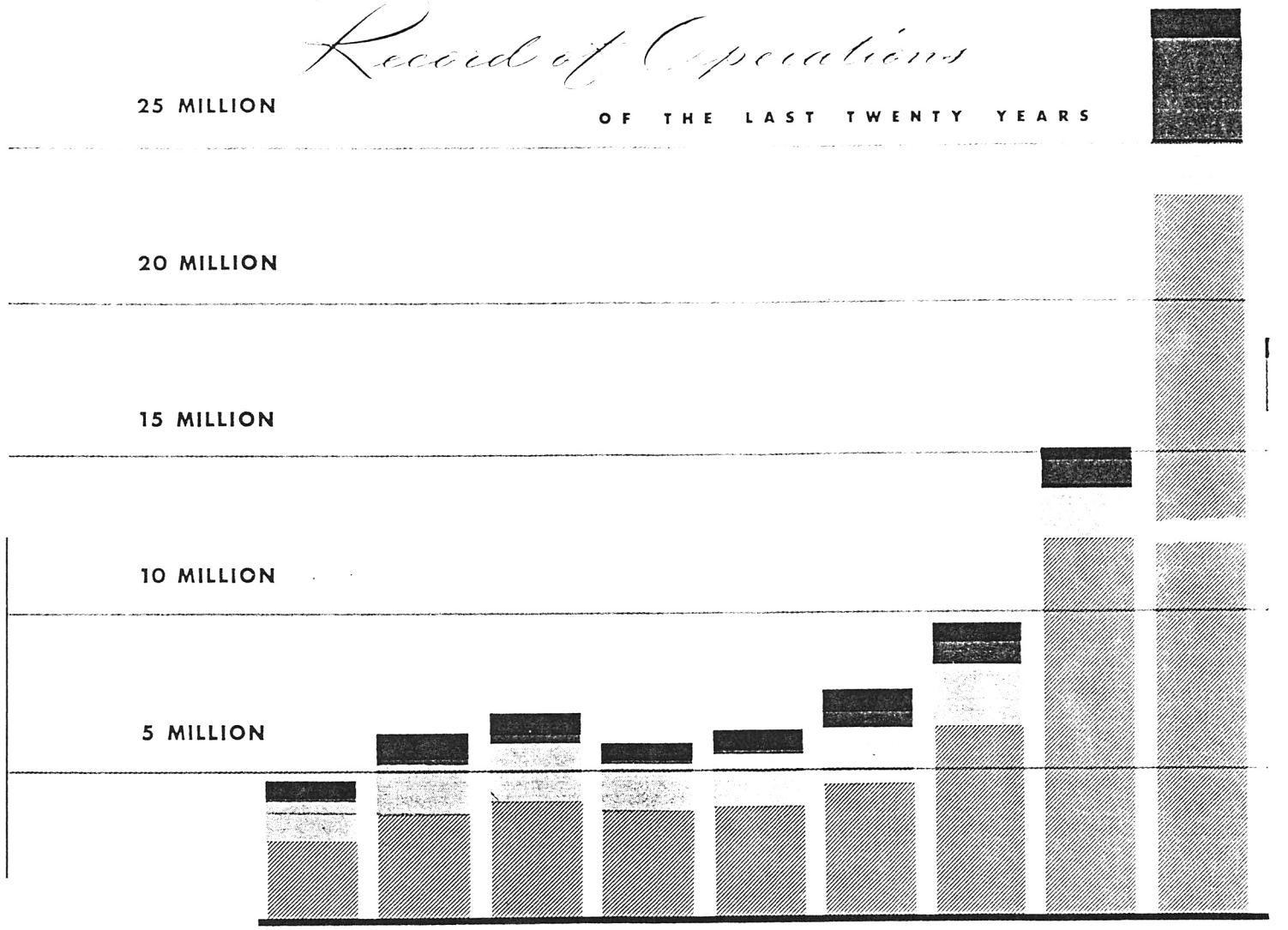
YEAR	DIVIDEND
1949	$1.20
1950	1.20
1951	1.15
1952	.70
1953	.60
1954	.60

A CONSISTENT EARNING RECORD SINCE THE FOUNDING OF THE COMPANY

The steady growth of the Iron Fireman Manufacturing Company since its beginning has been accompanied by an unbroken record of corporate earnings. Since 1929, dividends have been paid every year except 1933, and in 1934 a 50% stock dividend was paid in addition to cash dividends. Since 1933 the company has paid 84 consecutive quarterly dividends and three special dividends.

Record of Operations

OF THE LAST TWENTY YEARS



1935	1936	1937	1938	1939	1940	1941	1942	1943
$4,327,807	$5,811,331	$6,538,993	$5,664,425	$5,952,712	$7,232,803	$9,427,392	$15,092,169	$37,028,460
604,646	774,787	711,460	606,901	611,762	721,308	652,461	491,646	900,849
99,439	193,265	191,418	162,065	146,329	427,688	663,773	771,061	3,189,685
1,231,615	1,645,740	1,933,076	1,591,163	1,715,561	1,901,716	2,134,777	1,766,307	1,993,281
2,412,667	3,232,772	3,651,674	3,328,780	3,503,483	4,220,268	6,010,209	12,137,739	30,682,576

DIVIDENDS PAID SINCE INCORPORATION OF THE COMPANY

YEAR	DIVIDEND
1929	$1.00
1930	1.50
1931	1.35
1932	.30
1933	
1934	.80*

*Plus stock dividend

YEAR	DIVIDEND
1935	$1.00
1936	2.00
1937	1.50
1938	1.20
1939	1.20
1940	1.45
1941	1.20

YEAR	DIVIDEND
1942	$1.20
1943	1.20
1944	1.20
1945	1.20
1946	1.20
1947	1.20
1948	1.20

Iron Fireman Manufacturing Company

LIABILITIES

	December 31 1954	1953
CURRENT LIABILITIES:		
Notes payable to banks	$ 103,400.00	$ 406,500.00
Note instalments payable within one year	200,000.00	200,000.00
Accounts payable—trade	874,126.48	758,592.27
Accrued payrolls, taxes and expenses	948,088.95	692,692.52
U. S. and Canadian taxes on income (Note 2)	785,926.36	538,484.95
Total current liabilities	$ 2,911,541.79	$ 2,596,269.74
NOTES PAYABLE—(Note 3)	$ 1,800,000.00	$ 2,000,000.00
Payable $100,000 semiannually to 1963		
DEFERRED FINANCE INCOME	$ 16,813.64	$ 6,030.30
STOCKHOLDERS' EQUITY:		
Common stock, without par value—		
Authorized—400,000 shares		
Issued—360,000 shares, less 90 shares in treasury; stated value $5 per share	$ 1,799,550.00	$ 1,799,550.00
Excess of amount received over stated value	595,650.00	595,650.00
Profits retained in the business (Notes 1 & 3)	5,767,021.61	5,260,690.48
	$ 8,162,221.61	$ 7,655,890.48
	$12,890,577.04	$12,258,190.52

CONSOLIDATED BALANCE SHEET

See notes to financial statements

ASSETS

	December 31 1954	1953
CURRENT ASSETS:		
Cash	$ 1,410,367.32	$ 1,627,633.15
Accounts receivable—		
Trade	2,159,751.75	1,626,235.44
Contracts receivable on equipment installations	291,427.81	539,969.11
Allowance for doubtful accounts	(69,927.32)	(81,609.77)
Inventories of raw materials, work in process and finished products, at average cost or market, whichever lower	6,194,536.36	5,841,742.21
Prepaid insurance and expenses	272,537.98	102,406.91
Total current assets	$10,258,693.90	$ 9,656,377.05
CAPITAL ASSETS, at cost:		
Buildings, machinery and equipment	$ 4,050,309.13	$ 3,870,848.55
Less—Depreciation	1,658,661.86	1,509,270.95
	$ 2,391,647.27	$ 2,361,577.60
Plant sites	240,234.87	240,234.87
	$ 2,631,882.14	$ 2,601,812.47
PATENTS, TRADEMARKS AND COPYRIGHTS	$ 1.00	$ 1.00
	$12,890,577.04	$12,258,190.52

ACCOUNTANTS' REPORT

Portland, Oregon
February 8, 1955

TO THE BOARD OF DIRECTORS OF
IRON FIREMAN MANUFACTURING COMPANY

In our opinion, the accompanying consolidated financial statements present fairly the position of Iron Fireman Manufacturing Company and its subsidiary companies at December 31, 1954 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of such statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

PRICE WATERHOUSE & CO.

Notes to financial statements

DECEMBER 31, 1954

NOTE 1: The consolidated financial statements include the accounts of the Company and its subsidiaries, all wholly owned. One of the subsidiaries is a foreign corporation (Canadian) whose net assets, expressed in United States dollars at appropriate rates of exchange, amount to $1,206,619 at December 31, 1954. Consolidated profits retained in the business include $2,072,668 of undistributed profits of the subsidiary companies, including $1,127,454 of the Canadian subsidiary.

NOTE 2: Federal tax returns for the years up to and including the year 1949 have been examined and the additional taxes assessed have been paid.

NOTE 3: The notes payable were issued under a loan agreement dated July 1, 1951, with an insurance company and others. The agreement provides, among other things, that the Company shall not declare any dividends if

(a) The consolidated net working capital of the Company and its wholly-owned domestic subsidiaries would be less than $5,000,000 or

(b) The amount of dividends (except those payable in its capital stock) and stock acquisitions or redemptions since December 31, 1950, plus payments on principal of the notes would exceed consolidated net income of the Company and its wholly-owned domestic subsidiaries since that date plus $750,000.

At December 31, 1954 $1,187,023 of profits retained in the business are free from dividend restrictions under the loan agreement.

NOTE 4: The Company is subject to renegotiation on a portion of its sales. The year 1953 has been settled without refund, and no refund is expected for the year 1954.

CONSOLIDATED STATEMENT OF RESULTS OF OPERATION AND PROFITS RETAINED IN THE BUSINES

See notes to financial statemen

	Year Ending December 31	
	1954	1953
Net sales	$26,083,733.23	$23,928,643.3
Deduct:		
Cost of goods sold	$20,764,554.60	$19,724,516.7
Depreciation	332,336.41	288,009.0
Selling, administrative and general expenses	3,404,455.60	2,849,658.5
	$24,501,346.61	$22,862,184.3
	$ 1,582,386.62	$ 1,066,458.9
Other income	17,478.71	15,190.7
Interest expense	(161,593.60)	(150,856.3
	$ 1,438,271.73	$ 930,793.4
Provision for U. S. and Canadian taxes on income	716,000.00	489,000.0
Profit for year	$ 722,271.73	$ 441,793.4
Profits retained in the business at beginning of year	5,260,690.48	5,034,836.9
	$ 5,982,962.21	$ 5,476,630.3
Dividends paid in cash	215,940.60	215,939.8
Profits retained in the business at end of year (Notes 1 & 3)	$ 5,767,021.61	$ 5,260,690.4

HEATING, COOLING

AND POWER

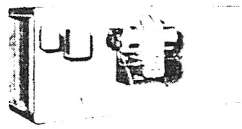
PRODUCTS OF

IRON FIREMAN

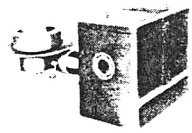
RESIDENTIAL

COMMERCIAL

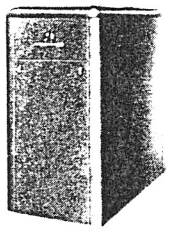
INDUSTRIAL



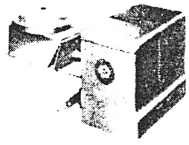
OIL AND GAS
HORIZONTAL FURNACE



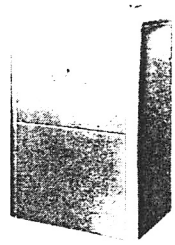
VORTEX OIL BURNER



OIL AND GAS FURNACES

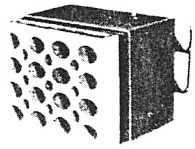


RADIANT GAS BURNER

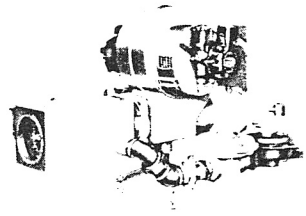


COOLING UNIT

SELECTEMP
HEATING SYSTEMS

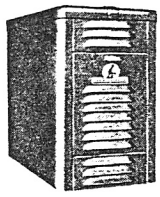


COMMERCIAL GAS
BURNER

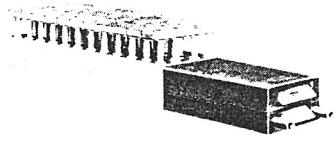


COMMERCIAL GAS-OIL BURNER

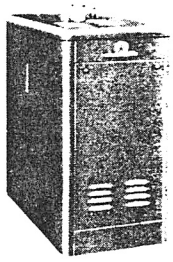
COMMERCIAL OIL BURNER



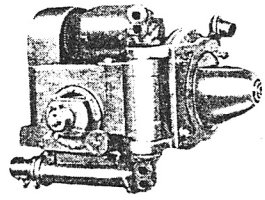
GAS BOILER



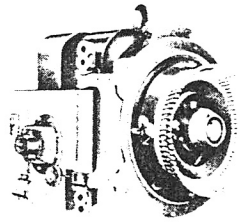
COMMERCIAL GAS BURNER



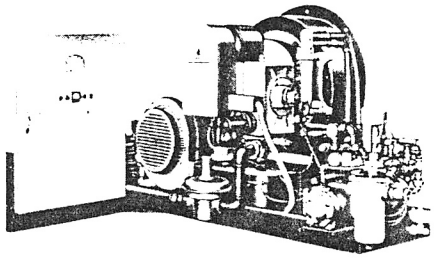
OIL OR GAS
BOILER



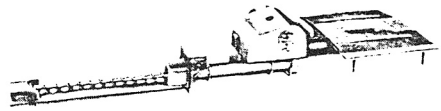
INDUSTRIAL
HEAVY OIL BURNER



INDUSTRIAL
GAS, OIL AND GAS-OIL
COMBINATION



INDUSTRIAL
GAS, OIL AND GAS-OIL COMBINATION
PACKAGE UNIT



COMMERCIAL-INDUSTRIAL
COAL-FLOW STOKER

Iron Fireman Manufacturing Company

OFFICERS

President and Chief Executive Officer: *Wayne F. Strong*
Vice-President and Treasurer: *Frank S. Hecox*
Vice-President: *C. T. Burg*
Vice-President: *Lewis J. Cox*
Vice-President: *William J. O'Neil*
Vice-President: *E. C. Webb*
Secretary: *C. C. Craft*
Controller: *H. J. Mack*
Assistant Secretary: *David L. Davies*
Assistant Secretary: *Frederick H. Torp*

DIRECTORS

T. Henry Boyd
David L. Davies
Frank S. Hecox
E. C. Sammons
Roy L. Shurtleff
Wayne F. Strong

VOTING TRUSTEES

T. Henry Boyd
David L. Davies
Frank S. Hecox
E. C. Sammons
Roy L. Shurtleff

COUNSEL

Hart, Spencer, McCulloch, Rockwood & Davies

TRANSFER AGENTS AND REGISTRARS FOR STOCK

The Bank of California, N. A., San Francisco
Wells Fargo Bank and Union Trust Company, San Francisco
Continental Illinois National Bank & Trust Company, Chicago
First National Bank, Chicago

PLANTS AND OFFICES

General Offices:
3170 West 106th Street, Cleveland, Ohio

Manufacturing Plants:

3170 West 106th St., Cleveland, Ohio
3189 West 33rd St., Cleveland, Ohio
4784 S.E. 17th Ave., Portland, Ore.
2838 S.E. 9th Ave., Portland, Ore.
80 Ward St., Toronto, Canada

Retail and Wholesale Offices:

356 Fourth Ave., Brooklyn, N. Y.
1101 W. Adams St., Chicago, Ill.
3170 West 106th St., Cleveland, Ohio
4507 W. Wisconsin Ave., Milwaukee, Wis.
4629 S.E. 17th Ave., Portland, Ore.
3114 Washington Ave., St. Louis, Mo.
80 Ward St., Toronto, Canada

Regional Sales Offices:

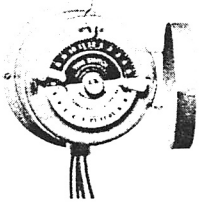
Calhoun Bldg., Minneapolis, Minn.
Chanin Bldg., New York, N. Y.

HEATING CONTROLS

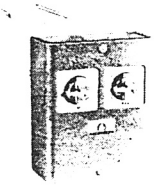
IRON FIREMAN
ELECTRONICS DIVISION

THERMOSTAT

DAY-NIGHT
THERMOSTAT

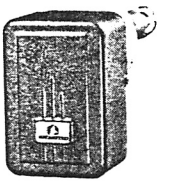


TIME SWITCH

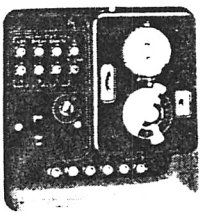


WARM AIR FAN
LIMIT CONTROL

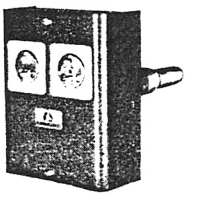
OIL BURNER
CONTROLLER



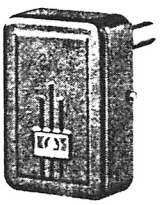
WARM AIR
REGULATOR



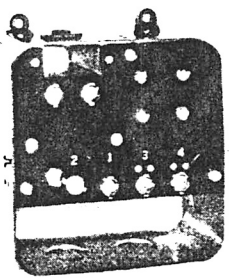
STOKER
CONTROLLER



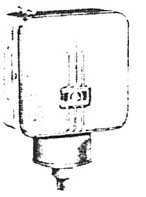
HOT WATER
CONTROL



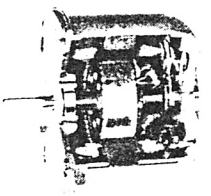
HOT WATER
REGULATOR



RELAY



PRESSURE
REGULATOR



ELECTRIC
OIL BURNER MOTOR

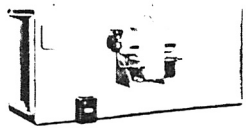
PRODUCTS OF

PETRO

RESIDENTIAL

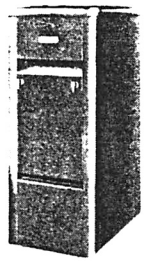
COMMERCIAL

INDUSTRIAL

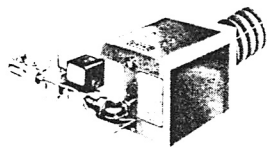


OIL AND GAS
HORIZONTAL FURNACE

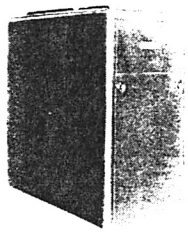
OIL BURNER



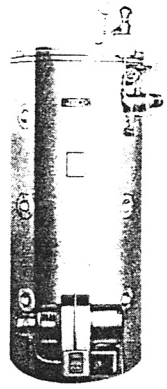
OIL AND GAS
HIGHBOY FURNACE



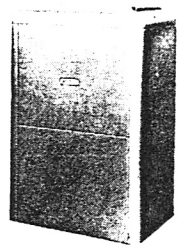
GAS BURNER



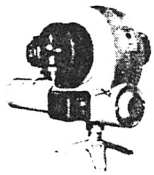
OIL AND GAS
LOWBOY FURNACE



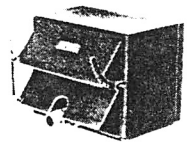
OIL AND GAS
BOILER



COOLING UNIT

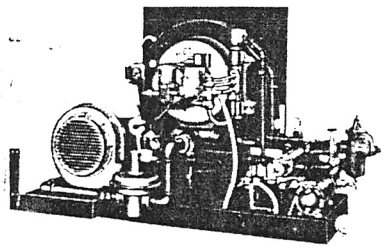


COMMERCIAL OIL BURNER

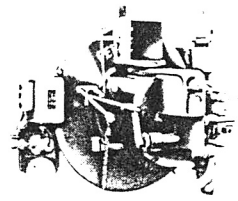


COMMERCIAL GAS
BURNER

COMMERCIAL GAS
BURNER



INDUSTRIAL
GAS, OIL AND GAS-OIL COMBINATION
PACKAGE UNIT



INDUSTRIAL
HEAVY OIL BURNER